

Message Text

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PAGE 01 TEL AV 04877 061027Z
ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 AID-05 CEA-01 CIAE-00 COME-00
EUR-12 FRB-01 INR-07 NSAE-00 EPG-02 SP-02 STR-04
TRSE-00 LAB-04 SIL-01 OMB-01 /058 W
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FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC 7059
INFO USDOC WASHDC

UNCLAS TEL AVIV 4877

E.O. 11652: N/A
TAGS: ECIN, ETRD, IS
SUBJECT: ISRAEL'S EXPORTS TO EC NOW DUTY FREE

1. ON JULY 1 ISRAEL ENTERED A NEW PHSE IN ITS COMMERCIAL RELATIONSHIP WITH THE EC. ON THAT DATE ITS INDUSTRIAL EXPORTS TO THE EC BEGAN RECEIVING DUTY FREE TREATMENT. AT THE SAME TIME, ISRAEL BEGAN A GRADUAL REDUCTION OF ITS OWN DUTIES ON IMPORTS FRM THE EC WHICH WILL LEAD TO DUTY FREE STATUS BY JULY 1, 1985. THE FIRST DECREASE WAS FIVE PER CENT ON JULY 1. A FURTHER 20 PER CENT CUT WILL BE MADE BY JULY 1, 1978. BY JANUARY 1, 1981, TARIFFS WILL BE AT THE 50 PERCENT LEVEL WITH COMPLETE ELIMINATION BY JULY 1, 1985.

2. ON THE ONE HAND ISRAELI PRODUCERS NOW HAVE AN OPPORTUN- IT TO PENETRATE THE EC MARKET. WHETHER THEY WILL OR NOT DEPENDS ON THEIR OWN ABILITY AND GOI ASSISTANCE. ON THE OTHER HAND, EC GOODS WILL HAVE TO OVERCOME LESS PROTECTION TO COMPETE WITH DOMESTIC GOODS. ONE ESTIMATE IS THAT 1,600 TO 1,800 WORKDERS PER YEAR WILL LOSE THEIRJOBS UNTIW 1985 AS A RESULT OF LOWERED TARIFFS ON EC PRO- DUCTS.ISRAEL MUST ABSORB THIS SURPLUS LABOR IN ITS EXPANDING EXPORT INDUSTRIES TO THE EC IN ORDER TO AVOID SOCIAL PROBLEMS CAUSED BY INCREASED UNEMPLOYMENT.
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ISRAELI MANUFACTURERS, WHILE PLEASED WITH THE OPPORTUN- ITY THEY NOW HAVE, ARE FOCUSSING ON NON-TARIFF BARRIERS WHICH STILL MAKE ACCESS TO THE EC DIFFICULT FOR THEIR PRODUCTS.

3. U.S. EXPORTS TO ISRAEL WILL FACE INCREASED COMPETI- TION FROM EC. GOI OFFICIALS HAVE STATED, HOWEVER, THAT

ISRAEL DOES NOT WISH TO TRANSFER ALL ITS PURCHASES TO
THE EC.TARRIFF REDUCTIONS WILL BE TRANSFERRED THROUGH
GATT PROCEDURES TO OTHER COUNTRIES, BASED ON RECIPROCAL
CONCESSIONS (BUT NOT TIMETABLE IS SPECIFIED). DESPITE THESE
STATEMENTS, THERE IS NO DOUBT THAT U.S. EXPORTERS MUST
INCREASE THEIR EFFORTS IN ISRAEL TO PROTECT THEIR TRADITIONAL
SHARE OF THE MARKET.

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Message Attributes

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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
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Disposition Approved on Date:
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